

## SENATE BILL 246 TESTIMONY

Good afternoon, Chairman Schuring and Senate members of the General Government and Agency Review Committee. Thank you for this opportunity for having me testify before you today.

My name is Jason M. Jones, Licensed Public Accountant in the states of Delaware and Montana, and I wish to testify as an interested party to Senate Bill 246, which would allow universal licensing reciprocity in Ohio, something I have waited a number of years for Ohio to legislate, given my current out of state professional licensing status. I would first like to thank Senators Kristina Roegner and Rob McColley for making this bill possible, I owe both of them a debt of gratitude.

Allow me a moment to tell you a little about myself and to give you my professional background. I currently function as an audit manager at a CPA firm called Hemphill Wright and Associates, and I am scheduled to be promoted to Principal later this year.

I wish I could testify before you today as a proponent of this bill, however there is one small problem I have with the bill: it explicitly excludes my particular class of licensure: the Public Accountant designation. In the bill itself as introduced, on page 401, lines 11676 and 11677, the bill's proposed language specifically reads: **"Section 9.79 of the Revised Code does not apply to public accountant registrations issued under this section."**

It appears the reason for this exclusion was that the Ohio public accountant designation was closed on April 16, 1993 after Senate Bill 316 was signed into law by former Governor George Voinovich. This closure served to merge the two designations by converting existing public accountants as CPAs, although this was not a sweeping conversion, as there are still about 60 public accountants registered in Ohio today, of which 9 are actively practicing, and the remainder hold inactive registrations.

I have spoken with the Ohio Society of CPAs about allowing out of state public accountants to obtain reciprocal licensing, but they declined to provide any support due to the existing law.

Based on the intent of this bill, to deny myself the opportunity to practice accountancy in Ohio because the license class is no longer offered is in my opinion contrary to the true spirit and intent of the bill; myself and those who hold licenses in similar classes and titles (which includes Public Accountant, Licensed Public Accountant, Registered Public Accountant, and Accounting Practitioner).

The reciprocity provision for accountants can be found on pages 397 and 398 of the bill, lines 11580 to 11588 which reads as follows:

**"(F) The board shall issue a certificate as a "certified public accountant" in accordance with section 9.79 of the Revised Code to a person if either of the following applies:**

- (1) The person holds a certificate as a certified public accountant in another state.**
- (2) The person has satisfactory work experience, a government certification, or a private certification as described in that section as a certified public accountant in a state that does not issue that certificate."**

No provision exists for licensed or registered public accountants was made, even though there are still public accountants licensed and practicing in a number of other states that are permitted to perform the same scope of practice as a CPA (compile, review, and audit financial statements and represent clients before the IRS) and also hold the same responsibilities as a CPA (maintain 40 hours of annual continuing education and comply with the AICPA Professional Standards); they are essentially functioning as CPAs, they are just practicing under an alternate title. Why should they be penalized for practicing under what is essentially an obsolete title? To be fair, there are public accountants that are given limited practice privileges in that they can only compile financial statements (but not review or audit them) and prepare tax returns, but such limitations of practice privilege is limited to only four states: Iowa, Minnesota, Oregon, and South Carolina. All other states, including Ohio, place public accountants in parity with CPAs in all respects of practice.

The irony to all of this is that out of state public accountants can practice temporarily in Ohio on an incidental basis. Pursuant to Section 4701.15 of the Ohio Revised Code, the relevant portion reads as follows:

***“Nothing contained in sections 4701.01 to 4701.19, inclusive of the Revised Code, shall prohibit a certified public accountant or a registered public accountant of another state, or any accountant who holds a certificate, degree, or license in a foreign country, constituting a recognized qualification for the practice of public accounting in such country, from temporarily practicing in this state on professional business incident to his regular practice outside the state; provided, that such temporary practice is conducted in conformity with the regulations and rules of professional conduct promulgated by the accountancy board.”***

Put another way, if an out of state registered public accountant is competent enough to practice in Ohio temporarily, why should s/he be prohibited from being licensed in Ohio should they move here?

In light of these facts, and since the general consensus among the people I have spoken with have found it impractical to reinstate the Public Accountant designation in Ohio for legally logistical reasons, I propose a solution that would allow public accountant reciprocity and at the same time help reconcile these differences in scope of practice and experience:

My solution would be: Issue CPA certificates to those who hold an active out of state Public Accountant (or similar designation) to Ohio applicants, however, to limit the scope of practice for PAs who have not demonstrated experience in the attestation function.

Put another way, if they get a CPA certificate and are employed for a company or other entity (known as working in industry) in Ohio, they could not perform audits for their own company. However, if they decide to start a CPA practice in Ohio, their firm permits would be restricted to tax/consulting and their firm’s scope of practice as it relates to attestation would be limited to engagements no higher than the compilation function (they would not be allowed to perform reviews or audits) unless they can demonstrate they have the requisite audit/attestation experience. I think most applicants would be OK with this, as the vast majority of public accountants have no interest in performing audits, just tax and basic accounting preparation/compilation engagements.

This solution reconciles the fact that most states essentially grandfathered PAs to function as though they were CPAs, albeit under an alternate title with PAs in the remaining states who may not have the same scope of practice but are held to the same professional standards of CPAs: If you can provide attestation experience, you are a CPA with full practice privileges, if not, you are a CPA with limited practice privileges. If it could be done for over 600 former Ohio public accountants with similar education and experience as I, it can be done for out of state licensed public accountants whose current numbers nationwide are far less than Ohio's.

Allow me a brief moment to explain my personal testimony and why this is so important to me. In 2015 I relocated to Los Angeles after being offered a position with a national firm. I was laid off 10 months later, and returned to Ohio in the fall of 2016. I was promised a job position by a friend of mine, but they would not be able to hire me until late 2017, due to logistical technicalities. As such, I needed work to tide me over until then. I contacted a friend in Delaware who offered me a temporary position at their PA firm, but in the middle of my plans to relocate to Delaware, they rescinded their offer unexpectedly.

In March of 2017, I was contacted by a prospective client who was referred to me by a local community development corporation about performing an audit for their non-profit agency. I had to turn them down because I was not licensed in Ohio. I contacted several lawmakers about reinstating the PA designation, but the Ohio Society of CPAs ended those efforts. Later that year, I was contacted by a tax preparer who had two clients needing audits. Like the previous prospective client, I had to turn him down as well.

By the summer of 2017, my savings account was tapped out and my unemployment benefits ended. With no job prospects in sight, I had to resort to working minimum wage day labor jobs by day and working as a valet for a local hospital on nights and weekends until I finally got hired by my friend in late November 2017 (I have since left that position for the current position I hold at Hemphill Wright).

In one respect, the experience was humbling. However, in another respect, given that I hold professional licenses in several states and was unable to use those to make a living in Ohio, it was very humiliating and should never have happened. Here I was, a highly experienced and licensed professional working in accounting for nearly 25 years, 10 of those in public accounting, have been granted licenses in several different states, now being resorted to working minimum wage because of a legal technicality no one wanted to help solve.

Chairman Schuring and the Senate Committee, if you want to help me, please **DO NOT apologize** for what has happened to me. Please resolve to ensure that this will never happened to me or other licensed accountants living in Ohio who are in the same situation by not scoffing at our years (and for many, decades) of experience while maintaining our continuing education and professional standards. Our experience counts too, and like Senator Roegner explained, our experience doesn't end once we cross the state line. I respectfully beseech you to amend lines 11580 to 11588 in the bill to include licensed and registered public accountants along with CPAs.

Thank you for you time and thank you for listening.

~ Jason M. Jones, Licensed Public Accountant (Delaware and Montana)